

APPENDIX 11 to GIP

LETTER AGREEMENT

LETTER AGREEMENT

[Date]

[Authorized Representative Name]
[Title]
[Company]
[Address]

Re: Letter Agreement for the [Project Name] Project [Project ID:]

Dear Mr./Ms. [Authorized Representative Last Name]:

[Interconnection Customer Name] (“Interconnection Customer”) is proposing to construct and operate the [Project Name] Project (“Project”), a [project description] Generating Facility to be located in [City, State]. Interconnection Customer submitted an Interconnection Request to Southern California Edison Company (“SCE”), pursuant to the Wholesale Distribution Access Tariff (“WDAT”), to interconnect the Project at [description of point of interconnection]. Interconnection Customer’s Interconnection Request was received by SCE during the [Queue Cluster # (“QC#”) application window/other process].

All capitalized terms used herein, and not otherwise defined, shall have the meaning ascribed to that term in Attachment I to the WDAT, Generator Interconnection Procedures (“GIP”). Interconnection Customer and SCE are sometimes referred to herein individually as “Party” and collectively as “Parties.”

In the interest of working towards the achievement of Interconnection Customer's expected operating date, as set forth in Exhibit D (Milestones), the Interconnection Customer desires for SCE to commence certain work prior to executing the Generator Interconnection Agreement ("GIA"). Accordingly, the purpose of this letter agreement ("Agreement") is to agree upon an interim arrangement pursuant to which SCE will commence, and Interconnection Customer will pay for, the Work, as described herein, according to the following terms and conditions:

1. **Work.** SCE will perform the Work, as described in Exhibit A, upon payment of amounts described in Section 2 and according to the terms provided herein. SCE shall perform the Work only after receipt of the payments and financial security set forth in Exhibit C, as may be modified by Section 2.2 and any applicable milestones set forth in Exhibit D. The Interconnection Customer acknowledges and understands that completion of the Interconnection Studies, if applicable, may identify required Network Upgrades and/or additional or modified Interconnection Facilities and Distribution Upgrades necessary to enable operation of the Project at the full net output and understands that any such Network Upgrades and/or additional Interconnection Facilities and Distribution Upgrades will be included in the GIA as a required scope to allow full operation of the Project.

2. **Payments and Financial Security**

2.1. **Payments/Security.** In order for SCE to perform its obligations under the terms and conditions of this Agreement, Interconnection Customer shall provide to SCE the payments and financial security, in such estimated amounts as set forth in Exhibits B and C (as may be modified as described in Section 2.2) and in such form and on such dates as set forth in Exhibit C. SCE will provide the Interconnection Customer an invoice of such payment obligations, which must be paid by the payment dates in Exhibit C.

- 2.2. **Additional Amounts.** SCE shall notify Interconnection Customer in writing within a reasonable time if SCE learns that charges and expenses are likely to exceed the estimated amounts specified in Exhibit B, warranting adjustments to amounts in Exhibit C. In the event of such notification, SCE shall specify the payment and corresponding financial security increase(s) and Interconnection Customer shall pay such additional amounts within thirty (30) Calendar Days of receipt of an invoice for such additional amounts. For Network Upgrades, such additional amounts will not result in costs exceeding the Interconnection Customer's maximum cost responsibility identified in the Interconnection Studies, which may be modified in subsequent reassessments. The Parties will agree to amend the Agreement in order to reflect and collect the additional amounts required, subject to FERC's approval, as applicable, before an invoice for the additional amounts is issued to the Interconnection Customer.
- 2.3. **Failure to Pay; Insolvency.** Subject to Section 3.2, in the event that Interconnection Customer fails to provide payment for amounts incurred or irrevocably committed to be incurred, or fails to provide financial security, pursuant to this Agreement, SCE may (a) immediately stop Work; (b) draw on the Interconnection Financial Security for any amounts due to SCE during the term of this Agreement, and/or (c) terminate this Agreement by written notice of cancellation effective upon FERC approval. In the event that Interconnection Customer (i) is dissolved; (ii) becomes insolvent; (iii) becomes the subject of a petition in bankruptcy, either voluntary or involuntary, or in any other proceeding under federal bankruptcy laws; (iv) makes an assignment for the benefit of

creditors, excluding any assignment for financing purposes; (v) is named in a suit for the appointment of a receiver, SCE may, in addition to (a) through (c) above, draw on the Tax Security (as defined in the GIA) for any tax liability imposed on SCE during the term of this Agreement.

3. **Dispute.** Disputes arising out of or in connection with this Agreement shall be resolved as follows:

3.1. **Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party (the “disputing Party”) shall provide the other Party with written notice of the dispute or claim (“Notice of Dispute”). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party’s receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

3.2. **Payment Dispute.** In the event of a billing dispute between SCE and the Interconnection Customer, SCE shall continue to perform the Work under this

Agreement as long as the Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to SCE or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Interconnection Customer fails to meet these two requirements for continuation of service, then SCE may invoke remedies in Section 2.3. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accordance with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

- 3.3. **External Arbitration Procedures.** Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations; provided, however,

in the event of a conflict between the Arbitration Rules and the terms of Section 3, the terms of this Section 3 shall prevail.

3.4. **Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, Distribution Upgrades, or Network Upgrades.

3.5. **Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three-member arbitration panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

4. **Milestone Schedule.** The milestone schedule is attached as Exhibit D. SCE shall use commercially reasonable efforts to complete the Work in accordance with this schedule;

however, SCE does not warrant the Work will be completed in time to meet such deadlines, and Interconnection Customer understands and acknowledges that such deadlines are only estimates and that the due dates in Exhibit D are dependent on Interconnection Customer coordinating with SCE to complete the milestones as specified in a timely manner. SCE shall not be liable for any cost or damage incurred by Interconnection Customer as a result of or due to any delay in the completion of the Work pursuant to the milestone schedule.

5. Termination.

5.1. Except for terms that survive termination, this Agreement shall terminate upon the earliest of the following to occur: (i) notice that this Agreement is not accepted for filing by FERC, if applicable; (ii) the effective date of the GIA, which the Parties intend to supersede this Agreement; (iii) the Interconnection Customer's receipt of SCE's notice of cancellation pursuant to Section 2.3, which is subject to acceptance by FERC; (iv) two (2) Business Days after receipt by SCE of a termination notice from Interconnection Customer to SCE at any time and for any reason; or (v) withdrawal of the Interconnection Customer's Interconnection Request for the Project.

5.2. In the event that either Party terminates this Agreement for reasons other than the execution of the GIA, SCE shall use commercially reasonable efforts to mitigate the costs, damages, and charges arising as a consequence of such termination. To that end, SCE shall cancel, to the extent possible, any pending orders of, or return, any materials, or equipment procured pursuant to this Agreement. To the extent that Interconnection Customer has already paid SCE for any or all costs of such

materials, equipment or contracts cancelled or returned, SCE shall refund such amounts to Interconnection Customer, less any costs or penalties incurred by SCE to cancel pending orders, or return, of such materials and equipment.

- 5.3. In the event that this Agreement is terminated or if the Work is completed before the effective date of the GIA and a payment shortfall exists pursuant to Section 5.3.2 of this Agreement, SCE shall make reasonable efforts to submit a final invoice to Interconnection Customer of all charges and expenses within twelve (12) months from the date of termination of or completion of the Work performed under this Agreement. In such event, the following true-up process will be used:

5.3.1. **Payment Excess.** In the event that Interconnection Customer's payment(s) paid in accordance with this Agreement exceeds the amount of SCE's charges and expenses incurred or irrevocably committed to be incurred pursuant to this Agreement, SCE shall return the excess amount without interest to Interconnection Customer within thirty (30) Calendar Days after the date of a final invoice without offset for any amount that may be in dispute. For Network Upgrades, any refundable payment amount will be made in accordance with the GIP.

5.3.2. **Payment Shortfall.** In the event that Interconnection Customer's payment(s) paid in accordance with this Agreement is less than the amount of SCE's charges and expenses incurred or irrevocably committed to be incurred pursuant to this Agreement, then Interconnection Customer shall pay the difference, without interest, within thirty (30) Calendar Days of the date of

receipt of a final invoice, without offset for any amount which may be in dispute. If Interconnection Customer fails to pay the final invoice, SCE shall also have the right to draw on the Interconnection Financial Security for any payment shortfall. For Network Upgrades, the Interconnection Customer will be invoiced and/or SCE shall have the right to draw on the Interconnection Financial Security for any payment shortfall up to the Interconnection Customer's maximum cost responsibility.

- 5.4. In the event that Interconnection Customer elects to terminate this Agreement but still take delivery of materials or equipment procured pursuant to this Agreement, Interconnection Customer shall assume all payment obligations with respect to delivery of such materials, equipment, and contracts, and SCE shall transfer such materials and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as reasonably practicable, at Interconnection Customer's expense. In the event that Interconnection Customer has not already paid its share of Network Upgrade costs (all costs and expenses incurred or irrevocably committed to finance pre and post Construction Activities for Network Upgrades) immediately upon termination of this Agreement, SCE will liquidate the Interconnection Customer's Interconnection Financial Security associated with its cost responsibility for Network Upgrades, in accordance with Sections 4.8.5 and 5.9.5 of the GIP.
- 5.5. In the event that Interconnection Customer and SCE enter into a GIA concurrently with the termination of this Agreement, then any applicable work product

generated by SCE and any associated payments made by Interconnection Customer pursuant to this Agreement not already credited shall be reflected in the scope of, and the amount due under, such GIA.

6. Taxes

- 6.1. The Parties intend that all payment(s) made by Interconnection Customer to SCE pursuant to this Agreement shall be non-taxable in accordance with the Internal Revenue Code and any applicable state income tax laws, and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws. Interconnection Customer shall protect, indemnify and hold harmless SCE from the cost consequences of any income tax liability imposed against SCE as the result of payment(s) made by Interconnection Customer to SCE under this Agreement, as well as any interest and penalties. The financial security for the estimated tax liability set forth in Exhibits B and C shall terminate at the earlier of (1) the expiration of the ten (10) year testing period and the applicable statute of limitation, as it may be extended by SCE upon request of the Internal Revenue Service (“IRS”), to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations.
- 6.2. If SCE or the IRS makes a determination that the payment(s) made pursuant to this Agreement are taxable as contributions in aid of construction, either: (i) SCE may draw on the financial security provided by the Interconnection Customer for the estimated tax liability held on behalf of the Project to pay the tax liability

imposed on SCE; or (ii) Interconnection Customer may elect to make a nonrefundable cash payment to SCE within thirty (30) Calendar Days of receipt of the invoice in the actual amount of the resultant tax liability. The tax liability will be calculated using the methodology described in Article 5.17.4 (Tax Gross-Up Amount) of the GIA and in accordance with IRS Notice 2016-36.

7. **Uncontrollable Force.** No Party shall be considered to be in default with respect to any obligation hereunder, other than the obligation to pay money when due, if prevented from fulfilling such obligation by Uncontrollable Force, which for purposes of clarity shall include pandemic. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Uncontrollable Force shall give notice and the full particulars of such Uncontrollable Force to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Section 7 shall be confirmed in writing as soon as reasonably possible and shall specifically state the full particulars of the Uncontrollable Force, the time and date when the Uncontrollable Force occurred, and when the Uncontrollable Force is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.
8. **Indemnity.** Each Party shall at all times indemnify, defend, and hold the other Party harmless from, any and all Losses arising out of or resulting from the other Party's action or inactions with respect to its obligations under this Agreement on behalf of the indemnifying

Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

9. **Consequential Damages.** In no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, or cost of temporary equipment or services, whether based in whole or in part in contract or in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.
10. **Entire Agreement.** This Agreement, including all Exhibits attached hereto, constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement. This Agreement supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements, which may have been made in connection with the subject matter of this Agreement. Nothing in this Agreement is intended or shall be deemed to require SCE or Interconnection Customer to enter into any other agreement, including without limitation any agreement to interconnect the Project. Should the Parties enter into a GIA, such GIA will supersede this Agreement.
11. **Insurance.** Each Party shall maintain insurance coverage consistent with the requirements as set forth in the GIA.

12. **Access Rights.** Each Party shall provide access rights consistent with the requirements as set forth in the GIA.
13. **Waiver.** Any waiver at any time by either Party of its rights with respect to this Agreement, shall not be deemed a waiver with respect to any other failure to comply with any obligation, right or duty of this Agreement. Any delay, with the exception of the statutory period of limitation in assessing or enforcing any right, shall not be deemed a waiver of such right.
14. **No Joint Liability.** The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.
15. **No Third Party Beneficiaries.** The Parties do not intend to create rights in, or to grant remedies to, any third party as a beneficiary either of this Agreement or of any duty, covenant, obligation, or undertaking established herein.
16. **Governing Law.** This Agreement shall be interpreted by and in accordance with the laws of the State of California, without regard to the principles of conflict of laws therefor, or the laws of the United States, as applicable, as if executed and to be performed wholly within the United States.

- 17. Successors and Assigns.** This Agreement shall be binding upon the Parties and their successors and assigns. This Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; and provided further that the Interconnection Customer shall have the right to assign this Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.
- 18. Survival.** Indemnity obligations and obligations to pay charges and expenses incurred or irrevocably committed to be incurred pursuant to this Agreement will survive termination of this Agreement.

19. **FERC Filing.** SCE will report this Agreement and amendments thereto in its Electronic Quarterly Report (“EQR”) in lieu of filing it at FERC, pursuant to Applicable Laws and Regulations.
20. **Reservation of Rights.** SCE shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC’s rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
21. **Construction.** Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but shall be construed in the manner that most accurately reflects the Parties’ intent as of the date they executed this Agreement.
22. **Amendment.** The Parties may by mutual agreement amend this Agreement by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

23. **Confidentiality.** The provisions governing confidentiality in the GIA are hereby incorporated herein, in their entirety.
24. **Authority.** Each Party hereby represents that it has the right, power, and authority to enter into this Agreement, to become a Party hereto and to perform its obligations hereunder. This Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).
25. **Warranties.** Interconnection Customer warrants that it is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; and that it is qualified to do business in the state or states in which the Generating Facility, Interconnection Facilities, Distribution and Network Upgrades are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.
26. **Headings.** The descriptive headings of the various Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.
27. **Execution.** This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

28. **Effective Date.** This Agreement shall become effective upon execution by all Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC.

SOUTHERN CALIFORNIA EDISON COMPANY

By /s/ [Signature]

Name: **[Name]**

Title: **[Title]**

ACCEPTED AND AGREED to this day of _____

[IC NAME]

By: /s/ [Signature]

Name: **[Name]**

Title: **[Title]**

ACCEPTED AND AGREED to this day of _____

EXHIBIT A
SCOPE OF WORK

A description of the Work to be performed by SCE, including that related to Interconnection Facilities, Distribution Upgrades, and Network Upgrades, as applicable. A one-line diagram of the interconnection may be included, if applicable.

EXHIBIT B
ESTIMATED COST OF THE WORK AND FINANCIAL SECURITY

SCE will provide an estimated cost of the Work identified in Exhibit A and any associated financial security, including Interconnection Financial Security and Tax Security*.

Additional Definitions:

Distribution Upgrades Cost: The Interconnection Customer’s allocated share of all costs, excluding One-Time Cost, determined by SCE to be associated with the design, engineering, procurement, construction and installation of the Distribution Upgrades.

Interconnection Facilities Cost: All costs, excluding One-Time Cost, determined by SCE to be associated with the design, engineering, procurement, construction and installation of the Distribution Provider’s Interconnection Facilities.

Local Delivery Network Upgrades Cost: The Interconnection Customer’s allocated share of all costs, excluding One-Time Cost, determined by SCE to be associated with the design, engineering, procurement, construction and installation of the Local Delivery Network Upgrades constructed and owned by SCE.

One-Time Cost: All costs determined by SCE to be associated with the installation of the Distribution Provider’s Interconnection Facilities, Distribution Upgrades, Reliability Network Upgrades, or Delivery Network Upgrades which are not capitalized.

Reliability Network Upgrades Cost: The Interconnection Customer’s allocated share of all costs, excluding One-Time Cost, determined by SCE to be associated with the design, engineering, procurement, construction and installation of Reliability Network Upgrades.

a. Estimated Cost

Element-	Interconnection Facilities Cost	Distribution Upgrades Cost	Reliability Network Upgrades Cost	Local Delivery Network Upgrades Cost	One-Time Cost	Total
[rows to include description of the elements of the scope of work and estimated cost]						
Total	\$XXXXXX	\$XXXXXX	\$XXXXXX	\$XXXXXX	\$XXXXXX	\$XXXXXX

b. Financial Security

*The rate(s) applicable to the Tax Security is in accordance with Attachment J to the WDAT.

EXHIBIT C
PAYMENT AND FINANCIAL SECURITY SCHEDULE

SCE will include a schedule(s) of the amount, and due date, for the payments and financial security, as applicable, reflected in Exhibit B.

EXHIBIT D
MILESTONES

SCE will include a list of relevant milestones applicable to the Work.